Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-10

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAJ-01 H-03 NSC-10 SS-20 ACDA-19 IO-14 OMB-01 DRC-01

ABF-01 /150 W

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FM USMISSION NATO

TO SECSTATE WASHDC 3109

SECDEF WASHDC

INFO ALL NATO CAPITALS 3524

USNMR SHAPE

USCINCEUR

USLOSACLANT

USCINCLANT

CONFIDENTIAL USNATO 5949

E.O. 11652: GDS 12-31-79 TAGS: MCAP, NATO

SUBJ: NATO DEFENSE EXPENDITURES

- 1. LATEST VERSION OF INTERNATIONAL STAFF MEMORANDUM ON BASIC STATISTICAL DATA ON DEFENSE EFFORT AND ECONOMIC DEVELOPMENT OF NATO COUNTRIES (ISM(73)11 POUCHED) PROVIDES MOST RECENT ESTIMATES ON COUNTRY DEFENSE SPENDING BY CALENDAR YEAR. EXPENDITURE DATA ARE BASED ON COUNTRY REPLIES TO DPQ(73). AS IS NORMAL PRACTICE, ISM(73)11 DOES NOT PROVIDE DATA BEYOND CURRENT YEAR; I.E. 1973.
- 2. FOR COMPARATIVE PURPOSES, WE REPORT BELOW COUNTRY ESTIMATES FOR 1974:

ESTIMATED CY 1974
DEFENSE EXPENDITURES
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 $COUNTRY \qquad (IN \ \$ \ MILLIONS)(A)(B) \quad SOURCE$

BELGIUM 1,388 DPQ(73)

DENMARK 661 USNATO ESTIMATE

BASED ON DPC/D

(73)23, DENMARK

FRANCE 9,937 DATA PROVIDED USNATO BY IS

FRG 12,257 DPC/D(73)23, GERMANY

 GREECE
 691
 DPQ(73)

 ITALY
 4,199
 DPQ73

 LUXEMBOURG
 17
 DPQ(73)

 NETHERLANDS
 2,118
 DPQ(73)

 NORWAY
 647
 DPQ(73)

 PORTUGAL
 672
 DPQ(73)

TURKEY 1,029 DPQ(73) UK 8,812 USNATO ESTIMATE

DPC EUROPEAN MEMBERS 32,491 NATO EUROPEAN MEMBERS42,428

- (A) NATIONAL CURRENCIES HAVE BEEN COVERTED INTO \$ US DOLLARS ON BASIS OF 1973 EXCHANGE RATES THAT APPEAR IN ISM(73)11.
- (B) ESTIMATES DO NOT INCLUDE ALL ANTICIPATED SUPPLEMENTAL FUNDING TO COVER PAY AND PRICE INCREASES.
- 3. ESTIMATED EXPENDITURES OF \$42,428 MILLION FOR NATO EUROPEAN MEMBER COUNTRIES IN 1974 IS APPROXIMATELY \$2,400 MILLION HIGHER THAN 1973 SPENDING LEVEL FOR NATO EUROPE OF \$40,025 MILLION THAT APPEARS IN ISM(73)11.
- 4. DPC EUROPEAN MEMBER COUNTRIES (NATO EUROPE LESS FRANCE) ARE PROJECTED TO INCREASE DEFENSE SPENDING IN 1974 BY ABOUT \$1,650 MILLION OVER 1973 LEVEL OF \$30,844 MILLION THAT APPEARS IN ISM(73)11.
- 5. WE UNDERSTAND EUROGROUP CHAIRMAN WILL REPORT TO DEFENSE MINISTERS AT DECEMBER 7 DPC MINISTERIAL MEETING THAT EUROGROUP MEMBERS (ALL NATO EUROPE COUNTRIES EXCEPT FRANCE AND PORTUGAL) WILL INCREASE DEFENSE EXPENDITURES BY ABOUT \$2 BILLION IN CONFIDENTIAL

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1974 OVER 1973 SPENDING LEVEL. EUROGROUP ESTIMATE OF \$2 BILLION DOES INCLUDE PENDING SUPPLEMENTAL FUNDING FOR PAY AND PRICE INCREASES. RUMSFELD

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